

NHSC Loan Repayment Program FY 2003
Frequently Asked Questions
April 2, 2003



BASIC FACTS

Q: What is the National Health Service Corps?

A: The National Health Service Corps (NHSC) seeks to improve the health of underserved Americans by bringing quality primary health care professionals to communities in need, as well as supporting communities in their efforts to build better systems of care. This federally funded program is part of the United States Department of Health and Human Services, and is housed in the Health Resources and Services Administration's Bureau of Health Professions.

Q: What is the NHSC Loan Repayment Program?

A: The NHSC Loan Repayment Program (LRP) is one way the NHSC works with communities to recruit health care professionals committed to serving the needs of underserved populations. This competitive program makes contract awards to clinicians who agree to serve full-time at approved sites in designated Health Professional Shortage Areas (HPSAs) of greatest need. In return for this service, NHSC LRP participants receive money to repay qualifying educational loans that are still owed, plus tax assistance.

Q: Who is eligible for the NHSC LRP?

A: In FY 2003, the NHSC LRP will be open to fully trained health professionals in the following disciplines:

- **Primary health care clinicians:** Allopathic (MD) or osteopathic (DO) physicians, primary care nurse practitioners, certified nurse-midwives, and primary care physician assistants.
- **Dental health care clinicians:** General practice dentists and registered clinical dental hygienists.
- **Mental health care clinicians:** Psychiatrists, clinical or counseling psychologists, clinical social workers, psychiatric nurse specialists, marriage and family therapists, and licensed professional counselors.

Through a demonstration pilot project, the NHSC will also offer NHSC LRP contract awards to chiropractors and pharmacists.

For details on eligibility criteria, refer to the FY 2003 NHSC LRP Application Information Bulletin (AIB) and NHSC LRP AIB Supplement for the demonstration pilot program.

Q: What is the deadline for NHSC LRP applications?

A: Sites and clinicians have until April 18, 2003, (postmark date) to submit a NHSC LRP application or a NHSC Recruitment & Retention Assistance Application (sites).

Q: Is this the same for the demonstration pilot project for chiropractors and pharmacists?

A: No. Chiropractors and pharmacists have until June 16, 2003, (postmark date) to submit their applications. Sites wishing to participate in the pilot also have until June 16, 2003, to submit their NHSC Recruitment & Retention Assistance applications.

Q: What types of loans qualify for the NHSC LRP?

A: Loans qualifying for repayment include **government** (Federal, State, or local) and **commercial** loans obtained by the participant to pay for school tuition, required fees, and other reasonable educational and living expenses incurred by the participant for undergraduate or graduate education leading to a health professions degree. For additional details on qualifying loans, refer to the FY 2003 NHSC LRP AIB included in the FY 2003 NHSC LRP application packet.

Q: What if I have consolidated my student loans?

A: As long as the consolidation is with a commercial lender (i.e., Sallie Mae, etc.), and it includes only the **applicant's student loans** (not a spouse, child, etc.), it should be fine. For more information, call the NHSC at 1-800-221-9393.

Q: What if a student loan is in default?

A: Applicants who have defaulted on any Federal payment obligations (e.g., Health Education Assistance Loans, Nursing Student Loans, FHA Loans, delinquent taxes, etc.) will not be selected to participate in the NHSC LRP, even if they are currently considered to be in good standing by that creditor. Applicants having Federal debts, which have been written off as uncollectible, will not be considered for an FY 2003 NHSC LRP contract award.

Q: What is the amount of loan repayment clinicians are eligible to receive in FY 2003?

A: For the first two years of service, the NHSC LRP will pay up to \$25,000 for each year of service, based on the participant's outstanding balance of qualifying educational loans. If the total amount of the participant's qualifying educational loans is less than \$50,000, the NHSC LRP will pay one-half of the total qualifying educational loans annually. **All loan repayments paid to the participant must be used by the participant to repay the approved qualifying educational loans.**

In addition to the loan repayments, participants are entitled to tax assistance payments equal to 39 percent of the total amount of loan repayments received during a tax year. **The loan repayments and the tax assistance payments are taxable income and will be reported to the Internal Revenue Service (IRS).** The IRS has determined that employment tax also applies to NHSC LRP awards. The tax assistance payment will be paid to the IRS directly on the participant's behalf.

Q: How can a clinician obtain an NHSC LRP FY 2003 application?

A: Applications can be obtained by calling 1-800-221-9393.

Q: How many clinicians has the NHSC recruited since it began?

A: In the 30 years of the NHSC's existence, over 23,000 clinicians have been recruited to serve medically underserved populations through our programs. Currently, there are over 2,700 clinicians serving commitments to the NHSC. In addition, at least 50 percent of NHSC clinicians remain in service to the underserved after they complete their service commitments.

Q: What other opportunities are there for NHSC assistance?

A: The NHSC has a number of activities to assist students, clinicians, and communities. The NHSC Scholarship Program provides scholarships to students who wish to pursue health professions degrees and are committed to the NHSC mission. The NHSC SEARCH program provides opportunities for student and resident experiences in underserved areas. In addition, the NHSC provides technical assistance for communities to develop and improve systems of care and provides grants to 34 States to operate State loan repayment programs. Information on NHSC programs and activities can be found on our Web site at <http://nhsc.bhpr.hrsa.gov>, or by calling 1-800-221-9393.

SITE VACANCIES FOR NHSC LRP

Q: What is an eligible NHSC LRP community site?

A: An eligible NHSC LRP community site is a public, nonprofit, or private health facility that provides a continuum of services, including comprehensive primary health care and appropriate referrals or arrangements for specialty and inpatient care to individuals in a health professional shortage area (HPSA). NHSC community sites must agree to treat all patients regardless of the method or ability of the patient to pay for services (i.e., must accept Medicare/Medicaid assignments and have provisions for a sliding-fee scale). **In order to be considered an eligible NHSC community site for the NHSC LRP, the site must submit an NHSC Recruitment & Retention (R&R) Assistance Application to the NHSC and be approved by the Site Identification and Application Branch.**

Q: How does a site obtain an NHSC R&R Application?

A: The application can be downloaded from the NHSC web site at http://nhsc.bhpr.hrsa.gov/get_involved/rraa.html#app and faxed back to the NHSC at 301-594-2721. A hard copy of the application can also be obtained by calling the NHSC help line at 1-800-221-9393.

Q: What if my site has questions on completing the application?

A: Sites can contact the NHSC Field Consultant for their state for assistance in completing the NHSC R&R Application. A list of NHSC Field Consultants can be found on the NHSC web site at http://nhsc.bhpr.hrsa.gov/opportunities_list/consultant_list.html.

Q: How long does it take for a site's NHSC R&R application to be approved?

A: As long as the site is located in a federally designated Health Professional Shortage Area, the approval process for a site to become an NHSC community site should take no more than two weeks. Once a site is approved, it will be posted on the NHSC On-line Opportunities List, unless the vacancy has been filled.

Q: I didn't see my site on the NHSC On-line Opportunities List. Does that mean it's not eligible?

A: It does not necessarily mean the site is not eligible. The vacancy could have been taken off the list because the site indicated to the NHSC that the vacancy had been filled. In order to confirm if your site is an eligible site, you must contact the NHSC Field Consultant for your state. A list of NHSC Field Consultants can be found on the NHSC web site at http://nhsc.bhpr.hrsa.gov/opportunities_list/consultant_list.html

Q: How can my site add another vacancy or change a listing on the NHSC On-line Opportunities List?

A: Sites wishing to add new vacancies, or to change the status, discipline or any other information for their site must contact the NHSC Field Consultant for their state. A list of NHSC Field Consultants can be found on the NHSC web site at http://nhsc.bhpr.hrsa.gov/opportunities_list/consultant_list.html

Q: The NHSC LRP application requires me to have my site's UDS #. How do I get that?

A: UDS numbers are posted on the NHSC On-line Opportunities List. If you cannot find your site on the Opportunities List, you must contact the NHSC Field Consultant for your State to secure the number. A list of NHSC Field Consultants can be found on the NHSC web site at http://nhsc.bhpr.hrsa.gov/opportunities_list/consultant_list.html

Q: Why do some disciplines have more vacancies than others?

A: The NHSC works to assist communities with their recruitment needs. The NHSC On-line Opportunities List is a listing of which underserved communities are currently recruiting. The NHSC conducts activities throughout the year to identify new sites and new vacancies for all disciplines. If you know of a site that may be eligible, have them contact the NHSC Field Consultant for that state to discuss possible NHSC assistance. A list of NHSC Field Consultants can be found on the NHSC web site at http://nhsc.bhpr.hrsa.gov/opportunities_list/consultant_list.html

Q: What is a Health Professional Shortage Area (HPSA)?

A: A HPSA is a geographic area, population group, or health care facility that has been designated by the Federal Government as having a shortage of health professionals. There are three categories of HPSAs: primary care (shortage of primary care clinicians), dental (shortage of oral health professionals), and mental health (shortage of mental health professionals). HPSAs are designated using several criteria, including population-to-clinician ratios. This ratio is usually 3,500 to 1 for primary care, 5,000 to 1 for dental health care, and 3,000 to 1 for mental health care. HPSAs are assigned a numerical score based on the level of need. These scores range from 2 to 26 with 26 being the highest need areas (25 for primary care HPSAs). More information on HPSAs, including how to apply, criteria used for designations, and a listing of designated HPSAs by State and their scores, can be found online at <http://bhpr.hrsa.gov/shortage/>

Q: How will sites be selected to participate in the NHSC LRP in FY 2003?

A: Sites must be located in a HPSA **and** complete the NHSC Recruitment and Retention (R&R) Assistance Application for consideration to be an eligible NHSC LRP community site. However, getting approved as an eligible NHSC LRP community site does not guarantee that the clinician recruited will receive an NHSC LRP contract award. **NO ONE CAN GUARANTEE AN NHSC LRP CONTRACT AWARD EXCEPT THE DIVISION OF THE NATIONAL HEALTH SERVICE CORPS.** Clinicians and sites must be aware that **loan repayment might not be awarded**, even though the service site and clinician have entered into an employment agreement, or the clinician is already working at the site.

Q: Are there any special requirements for sites wishing to participate in the NHSC demonstration pilot project for chiropractors and pharmacists?

A: Yes. The legislation authorizing the pilot requires that a health professional licensed to prescribe drugs must provide NHSC-obligated service at a site concurrently with the chiropractor/pharmacist who would participate in the pilot. However, nothing in this section should be construed to: 1) require such health professionals to supervise the chiropractor or pharmacist; or 2) supercede State licensure laws. Therefore, only sites that have current NHSC clinicians who can prescribe drugs would be eligible to be considered for the pilot. In addition, only chiropractors and pharmacists working at a NHSC community site under a Private Practice Agreement (PPA) would be eligible for the pilot.

Q: What is a Private Practice Assignment (PPA)?

A: Under the PPA, an individual who serves at a public or private entity is subject to the personnel system of the entity to which he or she is assigned and must receive an income and benefits package, including professional liability coverage (which must include tail coverage) at least equal to the income and benefits he or she would have received as a civilian employee of the U.S. Government.

Q: What other options are there other than a PPA?

A: Some NHSC clinicians request to serve under a **Private Practice Option (PPO)**. Under the PPO, an individual is self-employed or is a salaried employee of a public or private entity, but does not receive an income and benefits package at least equal to the income and benefits he or she would have received as a civilian employee of the U.S. Government. Chiropractors and pharmacists who wish to participate in the pilot program cannot be assigned to a site under the PPO.

Q: How many NHSC LRP awards will be made to each site?

A: The number of vacancies on the NHSC Opportunities List may exceed the site vacancy limits for the NHSC LRP. The site must identify the clinicians to whom it wants the NHSC to offer NHSC LRP awards if the number of eligible clinicians exceeds the site vacancy limits.

NHSC LRP awards per site will be limited based on the following discipline categories:

- Primary care – includes primary care physicians (MDs and DOs), primary care nurse practitioners (NPs), physician assistants (PAs), and certified nurse midwives (CNMs)
- Oral health – includes dentists (DDs) and dental hygienists (DHs)
- Mental and behavioral health care – includes MD and DO psychiatrists, clinical or counseling psychologists (CPs), clinical social workers (SWs), licensed professional counselors (LPs), marriage and family therapists (MFTs), and psychiatric nurse specialists (PNSs)

Phase 1: During the early funding period (through April 18, 2003), high scoring HPSA sites (HPSA score of 14 or above) will be limited to two new NHSC LRP awards per discipline category as follows:

<u>Primary Care</u>	<u>Dental Health</u>	<u>Mental Health</u>
1 MD/DO and 1 other (physician assistant, nurse practitioner, nurse midwife)	1 DMD/DDS and 1 dental hygienist	1 MD/DO (PSY) and 1 other (clinical psychologist, clinical social worker, marriage and family therapist, licensed professional counselor, psychiatric nurse specialist)

Phase 2: After the early funding period, sites below the high scoring HPSA cutoff will also be limited to two LRP awards per discipline category as indicated above.

Phase 3: If funding remains available, sites may be allowed an additional award for a maximum of four for each discipline category. Therefore, the maximum for any site would be as follows:

<u>Primary Care</u>	<u>Dental Health</u>	<u>Mental Health</u>
2 MD/DO and 2 other (physician assistant, nurse practitioner, nurse midwife)	2 DMD/DDS and 2 dental hygienist	2 MD/DO (PSY) and 2 other (clinical psychologist, clinical social worker, marriage and family therapist, licensed professional counselor, psychiatric nurse specialist)

NHSC LRP AWARD PROCESS

Q: What factors will be considered when determining which clinicians will receive an NHSC LRP contract?

A: NHSC LRP awards will be made on an ongoing basis for eligible applicants whose applications are complete and who are working at an approved NHSC LRP site with a HPSA score of 14 and above. Complete applications from eligible applicants working at a site with a HPSA score below 14 will be awarded after April 18, 2003, if funding is still available. Therefore, it is in the best interest of the NHSC LRP applicant at a site with a HPSA score of 14 or above to submit a complete application as soon as possible. Determination of which clinicians will receive an NHSC LRP contract award will be made using the following criteria:

1. ***Commitment to Serving Underserved Populations and Disadvantaged Background Status.*** The NHSC is seeking clinicians interested in remaining in a HPSA beyond their service commitment under the NHSC LRP. Clinicians will have an opportunity to provide information to support their commitment as part of their NHSC LRP application submission. Documentation from the educational institution they attended will be required as proof of disadvantaged background.
2. ***HPSA Score.*** The higher the HPSA score for the site where the clinician will be serving, the better the chances for receiving a loan repayment award. Clinicians serving in sites with a HPSA score of 14 or above will be funded upon determination that their application submission was complete and eligible. Applications from clinicians at HPSAs with a score of 13 or below will be funded by decreasing HPSA score after April 18, 2003, dependent on funding being available. The HPSA score that will be used to determine funding will be the HPSA score in place when the application is received.
3. ***Date of Receipt of a Complete Application.*** It is important to get complete applications in as soon as possible. Incomplete applications (except for those documents due by July 25, 2003) cannot be considered. The clinician must submit a complete application package that includes all necessary documentation (except for those due by July 25, 2003) to be eligible for a NHSC LRP contract award.

Q: What is considered an “eligible” NHSC LRP application?

A: A complete application postmarked by the April 18, 2003, application due date from a clinician who meets all eligibility criteria outlined in the FY 2003 NHSC LRP Application Information Bulletin. An applicant must have accepted employment, or be in the final stages of negotiating an employment contract with an eligible NHSC LRP community site, to be eligible for consideration for funding for FY 2003. An eligible community site is a site that has submitted an NHSC Recruitment & Retention Assistance Application that has been approved by the NHSC. The start date at the community site must be no later than September 30, 2003.

Q: How is a “complete” application defined?

A: A complete application is one that includes *all* necessary application materials, completed in their entirety. If one or more of the following required documents is not available by the April 18, 2003, application submission deadline, these documents must be submitted with a postmark date of no later than July 25, 2003, in order for an application to be considered complete.

- a. **Residency Completion** - Physician applicants must submit copies of specialty board certifications or residency completion certificates. If specialty board certifications or residency completion certificates cannot be supplied by April 18, 2003, they must be submitted by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.

- b. **National Certification** - Physician assistants, nurse practitioners, licensed professional counselors, nurse midwives, and some psychiatric nurse specialists must submit copies of national certifications. If a copy of the national certification cannot be supplied by April 18, 2003, it must be submitted by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.
- c. **National Board/Licensing Examination Results** - Social workers, clinical or counseling psychologists, and dental hygienists must submit copies of national board/licensing examination results. If a copy of the national examination results cannot be supplied by April 18, 2003, it must be submitted by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.
- d. **State Licensure** - Applicants must submit a copy of a license from the State in which the applicant will practice (State of the community site). If licensure or certification for Marriage and Family Therapists (MFT) or Licensed Professional Counselors (LPC) is not available in the State of the community site, the applicant must submit a copy of his/her license to practice independently and unsupervised as an MFT or LPC in another State. If the requisite license cannot be supplied by April 18, 2003, it must submit by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.
- e. **NPDB/HIPDB Reports** - Applicants must submit a copy of the "Response to Information Disclosure Request" from the National Practitioner Data Bank (NPDB) and the Healthcare Integrity and Protection Data Bank (HIPDB). To obtain the "Response to Information Disclosure Request," applicants must complete an Individual Request for Information Disclosure (Self-Query) Form (see [Section Q](#) (PDF) of this *Bulletin*). The "Response to Information Disclosure Request" must postdate October 1, 2002. If the FINAL NPDB and HIPDB cannot be supplied by April 18, 2003 (postmark date), it must be submitted by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.
- f. **Existing Service Obligation** - Applicants must complete any existing service obligations (e.g., NHSC Scholarship Program, Armed Forces **active duty**, or State Loan Repayment Program obligations) by September 29, 2003. An applicant with an existing service obligation must provide a letter (using business letterhead) from the entity to which the service obligation is owed by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**. The letter must state the nature of the obligation and the projected end date of the service obligation. Subsequent documentation from the entity to verify service completion must be submitted before an award can be made and no later than September 29, 2003, or the applicant will be considered **ineligible**.
- g. **Independent Practice** - Mental health professionals must be able to practice their professions independently. If an individual indicates on the Application for NHSC LRP (see [Section II, Part A, Item 7 \(PDF\)](#)) that he or she has not completed the period of supervisory practice, documentation that the supervisory period has been completed must be submitted no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.
- h. **Copy of health professions degree**. If a copy of the degree or certificate cannot be supplied by April 18, 2003 (postmark date), the applicant must submit a letter from his or her professional school indicating the applicant's projected degree completion date. A copy of the applicant's degree or certificate must be submitted to the NHSC LRP by no later than July 25, 2003 (postmark date), or the applicant will be considered **ineligible**.

Q: What does being selected as an “alternate” mean?

A: Alternates will receive NHSC LRP awards if: (1) there are funds remaining after all eligible applicants who qualify for the first funding phase have been funded, or (2) applicants selected to receive an award are found to be ineligible, or do not submit the required documentation (e.g., licensure, board certification or residency completion) by the due date. The last day for making NHSC LRP awards will be September 28, 2003.

Q: What is the start date of the NHSC LRP service commitment?

A: The start date of a two-year NHSC LRP service obligation cannot be earlier than the date the Division of the NHSC countersigns the NHSC LRP contract. If a clinician receiving a FY 2003 NHSC LRP contract award is **not** working at the site on the date the NHSC countersigns their NHSC LRP contract, the start date of the service obligation will be the actual date the clinician begins working (the employment start date at the service site **must** be on or before September 30, 2003). **No credit toward the two-year service obligation will be given for employment at the service site prior to the date the NHSC LRP contract is countersigned.**

Q: When can FY 2003 NHSC LRP contract awardees expect to receive their first loan repayment disbursement?

A: Disbursement dates are dependent upon how the clinicians choose to receive their loan repayments—eight quarterly payments, four biannual payments, two annual payments, or one lump sum payment. Clinicians can expect to receive their first installment between 60 days (quarterly installments) and 90 days (biannual, annual or lump sum disbursements) from the start date of their NHSC LRP contract. Applicants choose the method of payment when they apply to the program.

Q: Can a participant withdraw his or her application prior to receiving an award?

A: Participants may withdraw their application to the NHSC LRP **BEFORE** their NHSC LRP contract is countersigned by the NHSC by submitting a written request to the NHSC, Application and Awards Branch, 5600 Fishers Lane, Room 8A-55, Rockville, Maryland 20857. The request can also be sent by fax to 301-594-4981.

Q: Can a participant terminate a new two-year NHSC LRP contract after receiving an award?

A: The Secretary may terminate an NHSC LRP Contract awarded in FY 2003 if, no later than 45 days before the end of this Fiscal Year (i.e., no later than August 17, 2003), the participant: 1) submits a written request to terminate that contract and 2) repays **all** amounts (loan repayments and tax assistance payments) paid to, or on behalf of, the participant under that contract. Requests for terminations must be submitted in writing to the Division of National Health Service Corps, Application and Award Branch, 5600 Fishers Lane, Room 8A-55, Rockville, Maryland 20857. The request can also be sent by fax to 301-594-4981.

Q: Are NHSC Scholars given any preference?

A: No. NHSC Scholars must follow the same application procedures and are subject to the same funding priorities as any other applicant to the NHSC LRP. In addition, NHSC Scholarship Service Obligations must be completed on or before September 29, 2003, to be considered eligible for the NHSC LRP in FY 2003.

Q: What about service obligations to other entities (e.g., State LRPs, military, etc.)?

A: All obligations for service must be completed on or before September 29, 2003, for an applicant to be considered eligible for the NHSC LRP in FY 2003.

Q: What is the procedure for applicants who submitted an application in FY 2002 but did not receive an NHSC LRP contract?

A: All FY 2002 applications have been returned, and clinicians interested in seeking loan repayment in FY 2003 must submit a new FY 2003 application. No special consideration will be given to these clinicians.

SERVICE REQUIREMENTS

Q: Upon receiving an NHSC LRP contract, what are the requirements for service?

A: NHSC LRP participants must serve a minimum of two years in the full-time clinical practice at the site for which they were approved. Full-time clinical practice is defined as a minimum of 40 hours per week, with at least 32 hours in the ambulatory care setting. Obstetricians/gynecologists and certified nurse-midwives are required to engage in a minimum of 21 hours per week of outpatient clinical practice. The remaining hours of the 40-hour per week total include delivery and other clinical hospital-based duties. Time spent on call does **not** count toward the 40 hours per week.

Q: Are NHSC LRP participants allowed vacation and sick days?

A: NHSC LRP participants are allowed to be away from the practice site no more than 35 workdays each service year. This includes any type of leave (vacation, holidays, sick leave, CME, etc.) Participants who require an extended period away from the site must contact the Legal and Compliance Branch, Office of Policy and Planning, at (301) 594-4390 for information on how to obtain approval.

Q: What if a participant can no longer serve at the site for which he or she was originally approved?

A: NHSC LRP participants are expected to serve their commitments at the site for which they were originally approved. Transfer requests are discouraged in order to minimize the disruption of patient care, and they will generally not be considered before completion of the first full year of service. Participants who are terminated by their NHSC community sites for cause are not entitled to transfers and will be placed in default.

Should participants be unable, through no fault of their own, to complete their agreed upon obligations at their initial NHSC community sites, they will be expected to continue their service, without a break, at other NHSC community sites. The transfer site will be based on the needs of the NHSC. Final approval of all transfers rests with the Division of NHSC, and approvals will be to sites of equal or greater need than the original site. If a participant does not accept his or her transfer site, he or she may be placed in default of his or her NHSC LRP contract.

Q: What happens if a participant doesn't complete his or her service commitment?

A: Ninety-seven percent of NHSC LRP participants complete their service commitments. However, a clinician who fails to provide service as agreed in his or her NHSC LRP contract will be placed in default and will be subject to the default penalties.

Q: What are the penalties for default?

A: A participant who fails, for any reason, to begin or complete the required NHSC LRP service is obligated to pay the United States an amount equal to the sum of: a) the total of the amounts paid by the NHSC LRP to, or on behalf of, the participant (for loan repayments and tax assistance) for any period of obligated service not served; and b) an amount equal to the number of months of obligated service not completed multiplied by \$7,500; and c) interest on the above amounts at the maximum legal prevailing rate, as determined by the Treasurer of the United States, from the date of breach—except that the amount the United States is entitled to recover will not be less than \$31,000. For details on default, refer to the FY 2003 NHSC LRP Application Information Bulletin included in the application packet.

CONTINUING TO PARTICIPATE IN THE NHSC LRP AFTER THE TWO-YEAR INITIAL SERVICE OBLIGATION IS FULFILLED (EXTENSION CONTRACTS)

Q: Will the NHSC LRP be awarding amendments to existing NHSC Loan Repayors who wish to continue in the program for a third, fourth, fifth year, or beyond?

A: NHSC LRP participants who are completing their contract during FY 2003 (October 1, 2002, through September 30, 2003) may be eligible to amend their contract to receive loan repayment assistance for an additional year of service, subject to the availability of appropriated funding. Applications need to be received at least 90 days before the participant's current contract expires. However, applications received after the contract end date will not be approved.

Q: What is the amount of loan repayment clinicians are eligible to receive in FY 2003 for extension contracts?

A: Policies for fiscal year 2003 contract amendments have been revised. Effective October 1, 2002, award amounts for amendment contracts will be as follows:

- For a 3rd year of assistance, participants will receive up to \$35,000, plus the 39% tax assistance payment;
- For a 4th year of assistance, participants will receive up to \$35,000, plus the 39% tax assistance payment;
- For a 5th year of assistance, participants will receive up to \$25,000, plus the 39% tax assistance payment;
- For a 6th year of assistance, participants will receive up to \$20,000, plus the 39% tax assistance payment;
- For years 7 and beyond, participants will receive up to \$15,000, plus the 39% tax assistance payment.

NOTE: For Calendar Year 2003 and beyond, the tax assistance payment will be paid directly to the Internal Revenue Service and the Social Security Administration.

NHSC LRP extension contract awardees will receive, in total, no more than their qualified educational loan balances, plus tax assistance. All loan repayment funds disbursed must be used to repay qualifying educational loans. ***Benefits and criteria for extension contracts may change in future years. Applicants entering the LRP in FY 2003 should be aware of this possibility.***

Q: Can a participant terminate an NHSC LRP extension contract?

A: The Secretary may terminate an NHSC LRP Contract awarded in FY 2003 if, on or before August 17, 2003, the participant: 1) submits a written request to terminate the contract and 2) repays **all** amounts (loan repayments and tax assistance payments) paid to, or on behalf of, the participant under the amendment contract. Requests for terminations must be submitted in writing to the Division of National Health Service Corps, Application and Award Branch, 5600 Fishers Lane, Room 8A-55, Rockville, Maryland 20857. The request can also be sent by fax to 301-594-4981.

Q: What are the penalties for defaulting on an NHSC LRP Amendment Contract?

A: Participants who fail to complete one-year of service under a one-year NHSC LRP amendment contract must repay: a) the total of the amounts paid by the United States to, or on behalf of, the participant under the NHSC LRP amendment contract for any period of obligated service not served; b) an amount equal to the number of months of obligated service not completed multiplied by \$7,500; and c) interest on the above amounts at the maximum legal prevailing rate, as determined by the Treasurer of the United States, from the date of breach.